

Received & Inspected

OCT 21 2013

FCC Mail Room

DOCKET FILE COPY ORIGINAL



5929 Balcones Drive, Suite 200  
Austin, TX 78731-4280  
Phone: 512.343.2544  
Fax: 512.343.0119

REDACTED - FOR PUBLIC INSPECTION

**VIA OVERNIGHT DELIVERY**

October 14, 2013

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

RE: Annual Report for Brazos Telephone Cooperative, Inc. Pursuant to 47 C.F.R. §54.313 and 54.422, WC Docket Nos. 10-90 and 11-42

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§ 54.313 and 54.422 Brazos Telephone Cooperative, Inc. (the Cooperative), Study Area Code 442041, is submitting a completed FCC Form 481 to the Commission via its Electronic Comment Filing System (ECFS). Section 3005 of the Form 481 requires a privately-held rate of return carrier receiving high cost support to attach financial information pursuant to 47 C.F.R. § 54.313(f)(2). The Cooperative maintains that the financial information is confidential and is submitting through ECFS a redacted document as an attachment for section 3005 of the FCC Form 481 in WC Docket Nos. 10-90 and 11-42.

Brazos Telephone Cooperative, Inc., by its authorized representative, hereby submits confidential information pursuant to 47 C.F.R. § 54.313(f)(2), under seal, subject to the Protective Order adopted November 16, 2012 in the above-named dockets.<sup>1</sup> The Cooperative is providing to the Office of the Secretary the original and one copy of the cover letter and confidential information for WC Docket No. 10-90. The confidential information relates only to WC Docket No. 10-90. There is no claim of confidentiality for any information related to WC Docket No. 11-42.

Two copies of this cover letter and confidential information are also being delivered to Mr. Charles Tyler, Telephone Cooperative Access Policy Division, Wireline Competition Bureau, in accordance with the Protective Order.

No. of Copies rec'd 0 + 3  
DATE 10/15/13

<sup>1</sup> FCC Record DA 12-1857



Marlene H. Dortch  
October 14, 2013  
Page 2 of 2

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as an attachment to the FCC Form 481.

Each page of the confidential submission bears the legend, "CONFIDENTIAL FINANCIAL INFORMATION SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-135, 05-337, 03-109, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION"

An original and three copies of the redacted confidential information and cover letter are also being filed simultaneously with the non-redacted confidential information, in accordance with the August 6, 2013 Public Notice (DA 13-1707). The original and one copy are provided for WC Docket No. 10-90 and two additional copies are provided for WC Docket No. 11-42. The redacted version of the cover letter for this filing and each page of the filing is marked "REDACTED - FOR PUBLIC INSPECTION."

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Deb Morgan". The signature is fluid and cursive, with the first name "Deb" being more prominent.

Deb Morgan  
Authorized Representative for  
Brazos Telephone Cooperative, Inc.

DM/pjf

Enclosures

cc: Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau,  
Federal Communications Commission (2 hardcopies of non-redacted submission)  
Mr. Lonnie Rue, Brazos Telephone Cooperative, Inc.

<010> Study Area Code	442041	Received & Inspected OCT 21 2013
<015> Study Area Name	Brazos Telephone Cooperative Inc	
<020> Program Year	2014	FCC Mail Room
<030> Contact Name: Person USAC should contact with questions about this data	Ted Scobee	
<035> Contact Telephone Number: Number of the person identified in data line <030>	(940) 564-7341	
<039> Contact Email Address: Email of the person identified in data line <030>	tscoabee@brazosnet.com	

<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> ← check box if no outages to report		<input checked="" type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	0	<input type="checkbox"/>
<310> Detail on Attempts (voice)	(attach descriptive document)	<input type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)		<input type="checkbox"/>
<330> Detail on Attempts (broadband)	(attach descriptive document)	<input type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)		<input checked="" type="checkbox"/>
<410> Fixed	0.0	<input checked="" type="checkbox"/>
<420> Mobile		<input type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input type="checkbox"/>
<440> Fixed		<input type="checkbox"/>
<450> Mobile		<input type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>
<510> 442041cx510	(attach descriptive document)	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>
<610> 442041cx610	(attach descriptive document)	<input type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input type="checkbox"/>
<900> Tribal Land Offerings (Y/N)?	(if yes, complete attached worksheet)	<input type="checkbox"/>
<1000> Voice Services Rate Comparability	(check to indicate certification)	<input type="checkbox"/>
<1010> <input type="checkbox"/>	(attach descriptive document)	<input type="checkbox"/>
<1100> Terrestrial Backhaul (Y/N)?	(if not, check to indicate certification)	<input type="checkbox"/>
<1110> <input type="checkbox"/>	(complete attached worksheet)	<input type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input type="checkbox"/>

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**  
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>
<b>Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet</b>		
<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>

(100) Service Quality Improvement Reporting  
Data Collection FormFCC Form 481  
OMB Control No. 3045-0085/CMB Control No. 3045-0019  
July 2013

<010>	Study Area Code	442041
<015>	Study Area Name	Brasos Telephone Cooperative Inc
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	(940) 564-7341
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brasosnet.com

<110>	Has your company received its ETC certification from the FCC?	<input type="radio"/>	(yes / no)
<111>	If your answer to line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC?	<input type="radio"/>	(yes / no)

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

<113>	Maps detailing progress towards meeting plan targets
<114>	Report how much universal service (USF) support was received
<115>	How (USF) was used to improve service quality
<116>	How (USF) was used to improve service coverage
<117>	How (USF) was used to improve service capacity
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.



142041

**<010> Study Area Code**

Study Area Name
<015>

**Arazon Telephone Cooperative Inc**

[illegible]

2014

Contact Name - Person USAC should contact regarding this data

**ed Scobee**

**<035>    Contact Telephone Number - Number of person identified in data line <030>    (940) 564-7341**

564-7341

Contact Email Address - Email Address of person identified in data line <039>	tscobee@brazosnet.com
<039>	

**cobeebrazosnet.com**

 **<701> Residential Local Service Charge Effective Date** |

**<702> Single State-wide Residential Local Service Charge**

1/1/2013

1/1/2013

**<703>**

[illegible]

[illegible]

[illegible]



(b)(5) DPP, (b)(5) ACP, (b)(5) ADP, (b)(5) AWP, (b)(5) BAP, (b)(5) CAP, (b)(5) DAP, (b)(5) EAP, (b)(5) FAP, (b)(5) GAP, (b)(5) HAP, (b)(5) IAP, (b)(5) JAP, (b)(5) KAP, (b)(5) LAP, (b)(5) MAP, (b)(5) NAP, (b)(5) OAP, (b)(5) PAP, (b)(5) QAP, (b)(5) RAP, (b)(5) SAP, (b)(5) TAP, (b)(5) UAP, (b)(5) VAP, (b)(5) WAP, (b)(5) XAP, (b)(5) YAP, (b)(5) ZAP

<010>	Study Area Code	442041
<015>	Study Area Name	Brasos Telephone Cooperative Inc
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	(940) 564-7341
<039>	Contact Email Address - Email Address of person identified in data line <030>	tedscobee@brasosnet.com

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

<921>	Needs assessment and deployment planning with a focus on Tribal community anchor institutions;	Select (Yes, No, NA)
<922>	Feasibility and sustainability planning;	
<923>	Marketing services in a culturally sensitive manner;	
<924>	Compliance with Rights of way processes	
<925>	Compliance with Land Use permitting requirements	
<926>	Compliance with Facilities Siting rules	
<927>	Compliance with Environmental Review processes	
<928>	Compliance with Cultural Preservation review processes	
<929>	Compliance with Tribal Business and Licensing requirements.	



<010>	Study Area Code	442041
<015>	Study Area Name	Brazos Telephone Cooperative Inc
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	(940) 564-7343
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscoabee@brazosnet.com

☐

Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)

☐

Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)

## (b)(100) Terms and Conditions for Lifeline Customers

Public Collection Notice

<010>	Study Area Code	442041
<015>	Study Area Name	Brasos Telephone Cooperative Inc
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	(940) 564-7341
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscoabee@brasosnet.com

## &lt;1210&gt; Terms &amp; Conditions of Voice Telephony Lifeline Plans

Name of attached document (.pdf)

www.brasosnet.com/telephone

## &lt;1220&gt; Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☐

<1222> Details on the number of minutes provided as part of the plan, ☐

<1223> Additional charges for toll calls, and rates for each such plan. ☐

<010>	Study Area Code	442041
<015>	Study Area Name	Brasos Telephone Cooperative Inc
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	(940) 564-7341
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brasonet.com

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, Frozen High Cost support, Frozen High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

<2010>	Incremental Connect America Phase I reporting	
<2011>	2nd Year Certification (47 CFR § 54.313(b)(1))	
	3rd Year Certification (47 CFR § 54.313(b)(2))	
<2012>	Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(e))	
<2013>	2013 Frozen Support Certification	
<2014>	2014 Frozen Support Certification	
<2015>	2015 Frozen Support Certification	
	2016 and future Frozen Support Certification	
<2016>	Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))	
	Certification Support Used to Build Broadband	
<2017>	Connect America Phase II Reporting (47 CFR § 54.313(e))	
<2018>	3rd year Broadband Service Certification	
<2019>	5th year Broadband Service Certification	
<2020>	Interim Progress Certification	
	Please check the box to confirm that the attached PDF, on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	
<2021>	Interim Progress Community Anchor Institutions	

Name of Attached Document Listing Required Information

442041		Brazos Telephone Cooperative, Inc.	
<010> Study Area Code	2014		
<015> Study Area Name	Ted Goobes		
<020> Program Year	9401 564-7341		
<030> Contact Name - Person USAC should contact regarding this data	9401 564-7341		
<035> Contact Telephone Number - Number of person identified in data line <030>	9401 564-7341		
<039> Contact Email Address - Email Address of person identified in data line <030>	tedgoobes@brazosnet.com		

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

Progress Report on 5 Year Plan	Name of Attached Document Listing Required Information	(Yes/No)
(3010) Milestone Certification (47 CFR § 54.313(f)(1)(i)) Please check this box to confirm that the attached PDF, on line 3012, contains the required information pursuant to § 54.313(f)(1)(i), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.		<input type="checkbox"/>
(3011) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii)) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2)) If yes, does your company file the RUS annual report Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires: Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input checked="" type="checkbox"/> (Yes/No) <input type="checkbox"/> (Yes/No)
(3012) PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3013) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation		<input type="checkbox"/>
(3014) If the response is no on line 3014, is your company audited?		<input checked="" type="checkbox"/> (Yes/No)
(3015) If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:		<input checked="" type="checkbox"/>
(3016) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications		<input checked="" type="checkbox"/>
(3017) PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3018) Management letter issued by the independent certified public accountant that performed the company's financial audit.		<input type="checkbox"/>
(3019) If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:		<input type="checkbox"/>
(3020) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications		<input type="checkbox"/>
(3021) Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3022) Underlying information subjected to an officer certification.		<input checked="" type="checkbox"/>
(3023) PDF of Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3024) Attach the worksheet listing required information		<input checked="" type="checkbox"/>

442041tx3026



<010>	Study Area Code	442041
<015>	Study Area Name	Brazos Telephone Cooperative Inc
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035>	Contact Telephone Number - Number of person identified in data line <030>	(940) 564-7341
<039>	Contact Email Address - Email Address of person identified in data line <030>	tscobee@brazosnet.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	



<010> Study Area Code	442041
<015> Study Area Name	Brazos Telephone Cooperative Inc
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Ted Scobee
<035> Contact Telephone Number - Number of person identified in data line <030>	(940) 564-7341
<039> Contact Email Address - Email Address of person identified in data line <030>	tscoobe@brazosnet.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) Deb Morgan is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	Deb Morgan
Name of Reporting Carrier:	Brazos Telephone Cooperative Inc
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 10/09/2013
Printed name of Authorized Officer:	Lonnie Rue
Title or position of Authorized Officer:	CEO
Telephone number of Authorized Officer:	940-564-5659
Study Area Code of Reporting Carrier:	442041 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	Brazos Telephone Cooperative Inc
Name of Authorized Agent or Employee of Agent:	Deb Morgan
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 10/09/2013
Printed name of Authorized Agent or Employee of Agent:	Deb Morgan
Title or position of Authorized Agent or Employee of Agent:	Manager - Business Compliance
Telephone number of Authorized Agent or Employee of Agent:	(512) 343-2544
Study Area Code of Reporting Carrier:	442041 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

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## Attachments



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**LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE**

Brazos Telephone Cooperative, Inc. complies with applicable service quality standards and consumer protection rules as required by the state regulatory commission and the Federal Communications Commission.

The rates, terms, and conditions under which the Cooperative operates are outlined in its Local Exchange Tariff, which is approved by the state commission. The Cooperative's tariff contains provisions regarding its customer service and protection practices, including resolving disputes with the Cooperative, applying for service, the classification of business and residential rates, deposits, billing and payment for service, refusal, disconnection and cancellation of service. The tariff is available for customer review in the Business Office, as requested. Rates and terms of service are disclosed to customers upon application for service both verbally and in writing as part of a packet of information for new customers. Rates, applications and certain terms of service are also available on the Cooperative's website.

Service quality standards are established by the state commission and the Cooperative consistently meets or exceeds the standards and provides reports to the state commission, in accordance with the state commission's rules.

The protection of customers' privacy and information is of utmost importance and the Cooperative has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011). Certification of the Cooperative's compliance with CPNI rules and a description of the Cooperative's operating procedures that ensure compliance are filed at the FCC annually.

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**LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS**

Brazos Telephone Cooperative, Inc. is able to function in emergency situations. The Cooperative has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Cooperative is able to reroute traffic around damaged facilities. Although the Cooperative's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

<010>	Study Area Code			442041
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<035>	Contact Telephone Number - Number of person identified in data line <030>		(940) 564-7341	
<039>	Contact Email Address - Email Address of person identified in data line <030>		tscoobe@brasosnet.com	
<810>	Reporting Carrier		Brasos Telephone Cooperative, Inc.	
<811>	Holding Company		N/A	
<812>	Operating Company		Brasos Telephone Cooperative, Inc.	

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**BRAZOS TELEPHONE COOPERATIVE, INC.  
OLNEY, TEXAS**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**As of December 31, 2012 and 2011  
With Independent Auditor's Report**

**BRAZOS TELEPHONE COOPERATIVE, INC.  
OLNEY, TEXAS**

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**Independent Auditor's Report**

**The Board of Directors  
Brazos Telephone Cooperative, Inc.  
Olney, Texas**

***Report on the Financial Statements***

We have audited the accompanying consolidated financial statements of Brazos Telephone Cooperative, Inc., which comprise the balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brazos Telephone Cooperative, Inc. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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**Report on Supplementary Comparative Financial Statements**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The comparative balance sheets, statements of operations, and cash flows on pages 22 through 29, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Curtis Blahely & Co, P.C.*

Longview, Texas

April 9, 2013

**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**December 31**

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**Assets**

	<u>2012</u>	<u>2011</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$	
Temporary investments		
Accounts receivable		
Accrued unbilled revenue		
Materials and supplies		
Prepaid income taxes		
Other prepayments		
Deferred income taxes		
<b>Total Current Assets</b>		
<b>Property, Plant, and Equipment:</b>		
Plant in service		
Plant under construction		
<b>Total Property, Plant, and Equipment</b>		
<b>Less: Accumulated depreciation</b>		
<b>Net Property, Plant, and Equipment</b>		
<b>Investments and Other Assets:</b>		
Investment in cellular entities		
Other investments		
Deferred charges		
<b>Total Investments and Other Assets</b>		
<b>Total Assets</b>	\$	

(The accompanying notes are an integral part of these consolidated financial statements.)



**BRAZOS TELEPHONE COOPERATIVE, INC.  
CONSOLIDATED BALANCE SHEETS  
December 31**

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**Liabilities and Equities**

	<u>2012</u>	<u>2011</u>
<b>Current Liabilities:</b>		
Current maturities of long-term debt	\$	
Accounts payable		
Accrued income taxes		
Accrued taxes		
Accrued interest		
Accrued compensated absences		
Other accrued liabilities		
Customer deposits		
<b>Total Current Liabilities</b>		
<b>Long-Term Debt, Less Current Maturities:</b>		
RUS mortgage notes		
CoBank mortgage notes		
<b>Total Long-Term Debt, Less Current Maturities</b>		
<b>Other Liabilities and Deferred Credits:</b>		
Deferred income taxes		
Share of deficiency in assets of LP		
Accrued postretirement benefits		
<b>Total Other Liabilities and Deferred Credits</b>		
<b>Equities:</b>		
Memberships		
Patronage capital assigned		
Patronage capital assignable		
Accumulated other comprehensive income:		
Unrecognized postretirement benefit costs		
<b>Total Equities</b>		
<b>Total Liabilities and Equities</b>	\$	

(The accompanying notes are an integral part of these consolidated financial statements.)

**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**For the Years Ended December 31**

	<u>2012</u>	<u>2011</u>
<b>Operating Revenues:</b>		
Local network services	\$	
Network access services		
Long distance network services		
Internet revenue		
Miscellaneous		
Less: Uncollectible recoveries (revenues)		
<b>Total Operating Revenues</b>		
<b>Operating Expenses:</b>		
Plant specific operations		
Plant nonspecific operations		
Depreciation and amortization		
Customer operations		
Corporate operations		
Long distance expenses		
Internet expenses		
Other operating expenses		
<b>Total Operating Expenses</b>		
<b>Operating Taxes:</b>		
Income taxes		
Other operating taxes		
<b>Total Operating Taxes</b>		
<b>Operating Margin</b>		
<b>Nonoperating Margin:</b>		
Interest and dividend income		
Share of cellular entity's earnings		
Other nonoperating expense		
Income taxes		
<b>Total Nonoperating Margin</b>		
<b>Margin Before Interest Charges</b>		
<b>Interest Charges:</b>		
Interest expense		
Capitalized interest		
<b>Total Interest Charges</b>		
<b>Net Margin</b>	\$	

(The accompanying notes are an integral part of these consolidated financial statements.)

**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Years Ended December 31**

	<u>2012</u>	<u>2011</u>
<b>Net Margin</b>	\$	
<b>Other Comprehensive Income:</b>		
<b>Postretirement Health Plan</b>		
<b>Comprehensive Income</b>	\$	

(The accompanying notes are an integral part of these consolidated financial statements.)

**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**CONSOLIDATED STATEMENTS OF PATRONAGE CAPITAL**  
For the Years Ended December 31

	<u>Memberships</u>	<u>Patronage Capital Assignable</u>	<u>Patronage Capital Assigned</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
--	--------------------	---	---	---	--------------

\$

Balance, January 1, 2011

Patronage Capital Assigned

Net Margin

Other Comprehensive Income (Loss)

Memberships Refunded

Retirements

Balance, December 31, 2011

Patronage Capital Assigned

Net Margin

Other Comprehensive Income

Memberships Refunded

Retirements

Balance, December 31, 2012

\$

(The accompanying notes are an integral part of these consolidated financial statements.)

**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31**

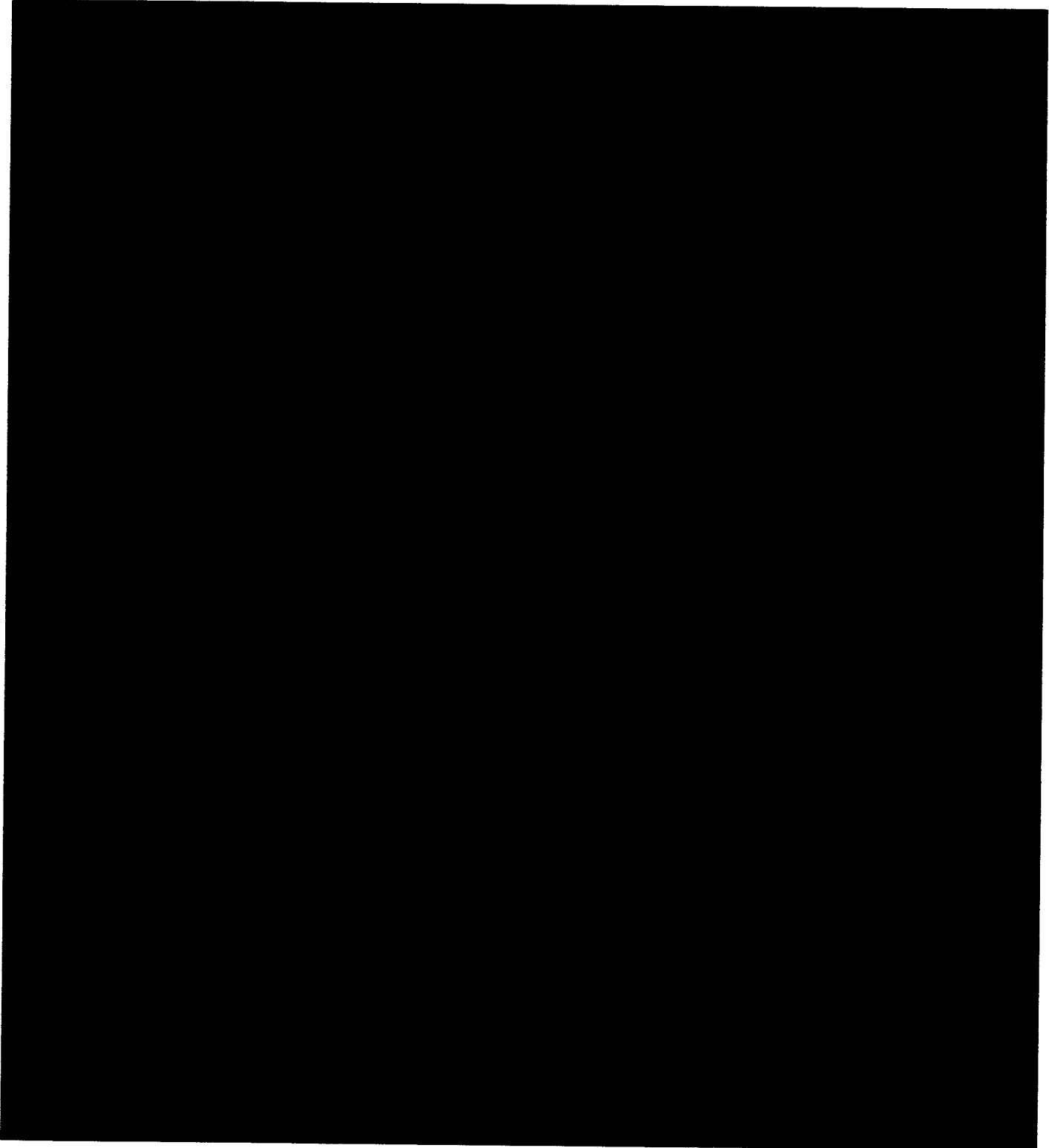
	<u>2012</u>	<u>2011</u>
<b>Cash Flows from Operating Activities:</b>		
Net margin		
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation and amortization		
Patronage capital certificates received		
Loss on disposal of equipment		
Distributions received from cellular entities		
Share of cellular entities' earnings		
Change in assets and liabilities:		
Accounts receivable		
Prepays and deferred charges		
Deferred tax assets		
Accounts payable and accruals		
Deferred tax liabilities and deferred credits		
Total Adjustments		
<b>Net Cash Provided by Operating Activities</b>		
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures		
Proceeds from sales of assets		
Change in temporary investments		
<b>Net Cash (Used In) Provided by Investing Activities</b>		
<b>Cash Flows from Financing Activities:</b>		
Payments of long-term debt		
Proceeds from (investment in) cushion of credit		
Memberships refunded		
Patronage capital retired		
<b>Net Cash Used in Financing Activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash and Cash Equivalents at Beginning of Year</b>		
<b>Cash and Cash Equivalents at End of Year</b>		

(The accompanying notes are an integral part of these consolidated financial statements.)

**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

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**Note 1 – Summary of Significant Accounting Policies:**



**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

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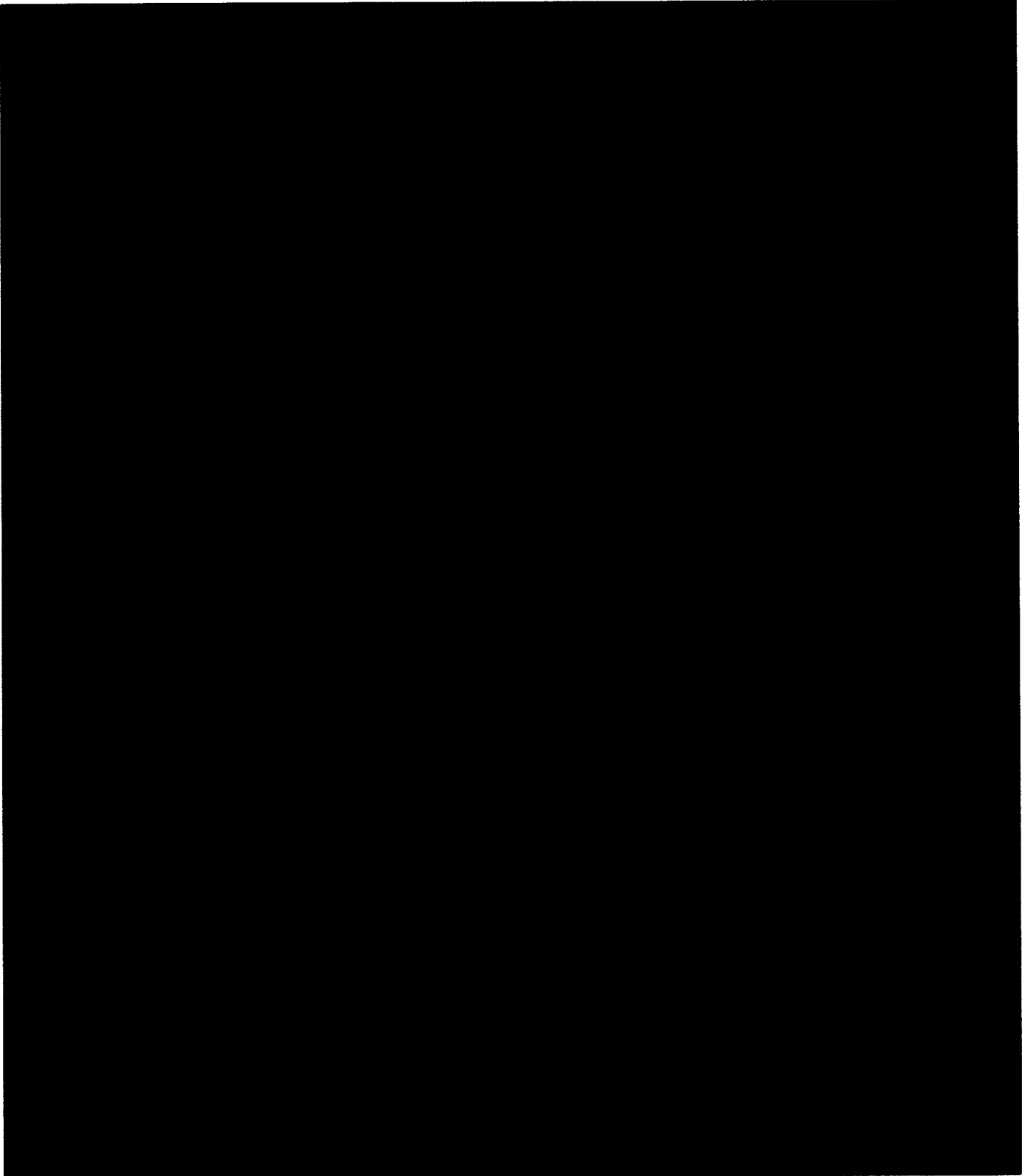
**Note 1 – Summary of Significant Accounting Policies: (continued)**

[REDACTED]

**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

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**Note 1 – Summary of Significant Accounting Policies: (continued)**

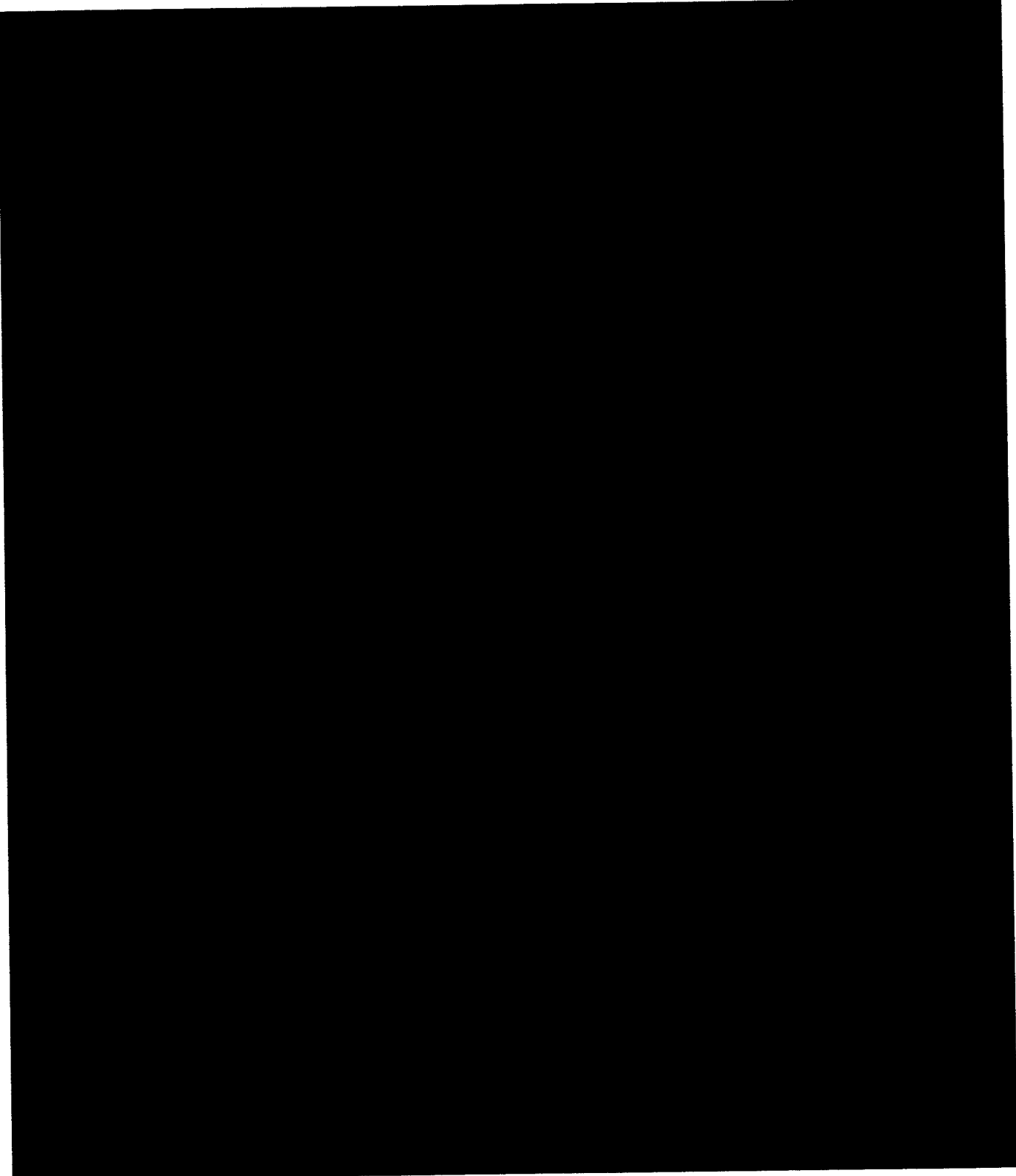




**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

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**Note 1 – Summary of Significant Accounting Policies: (continued)**



**Note 1 – Summary of Significant Accounting Policies: (continued)**

**Note 2 – Accrued Unbilled Revenue:**

### Note 3 – Income Taxes:

		<div>2012</div> <div>2011</div>
<div>[REDACTED]</div>		<div>[REDACTED]</div>
<div>[REDACTED]</div>		

**BRAZOS TELEPHONE COOPERATIVE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2012**

**Note 4 – Property, Plant, Equipment, and Accumulated Depreciation:**

		<u>2012</u>	<u>2011</u>
		\$	
		\$	

**Note 5 – Investment in Cellular Partnership:**

--

	<u>2012</u>	<u>2011</u>

**Note 6 – Other Investments:**

--

**Note 6 – Other Investments: (continued)**

	<u>2012</u>	<u>2011</u>
Revenue	\$	\$
Expenses	\$	\$
Net Income	\$	\$

**Note 8 – Employee Benefits:**

**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

**Note 8 – Employee Benefits: (continued)**

[REDACTED]

[REDACTED]

2012

2011

\$	[REDACTED]
\$	[REDACTED]
\$	[REDACTED]

[REDACTED]

**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

**Note 8 – Employee Benefits: (continued)**

[REDACTED]

[REDACTED]

**2012**

**2011**

[REDACTED]

**Cash Flows**

[REDACTED]

**Accumulated Other Comprehensive Income (AOCI):**

[REDACTED]


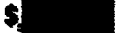
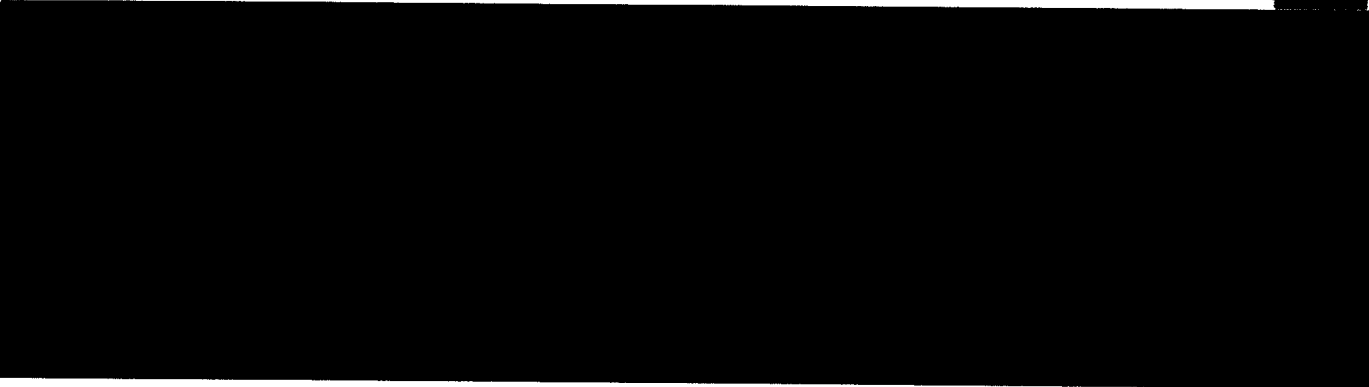
**2012**

**2011**


\$ [REDACTED]  
 \$ [REDACTED]  
 \$ [REDACTED]  
 \$ [REDACTED]  
 \$ [REDACTED]  
 \$ [REDACTED]

**BRAZOS TELEPHONE COOPERATIVE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

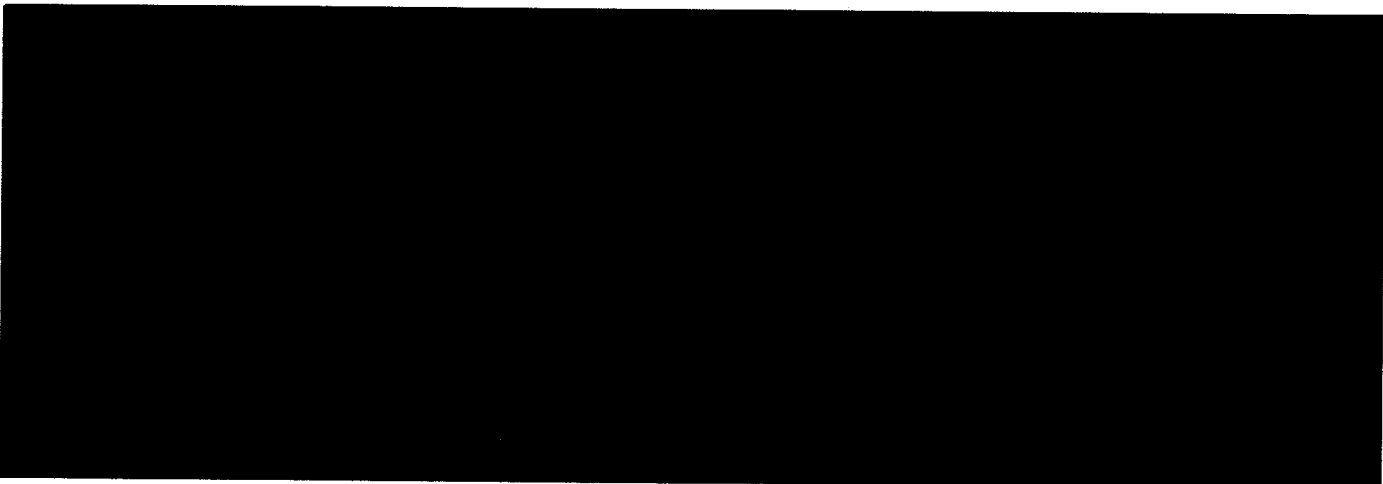
**Note 8 – Employee Benefits: (continued)**

		\$ 
		\$ 
		

**Note 9 – Additional Cash Flow Information:**

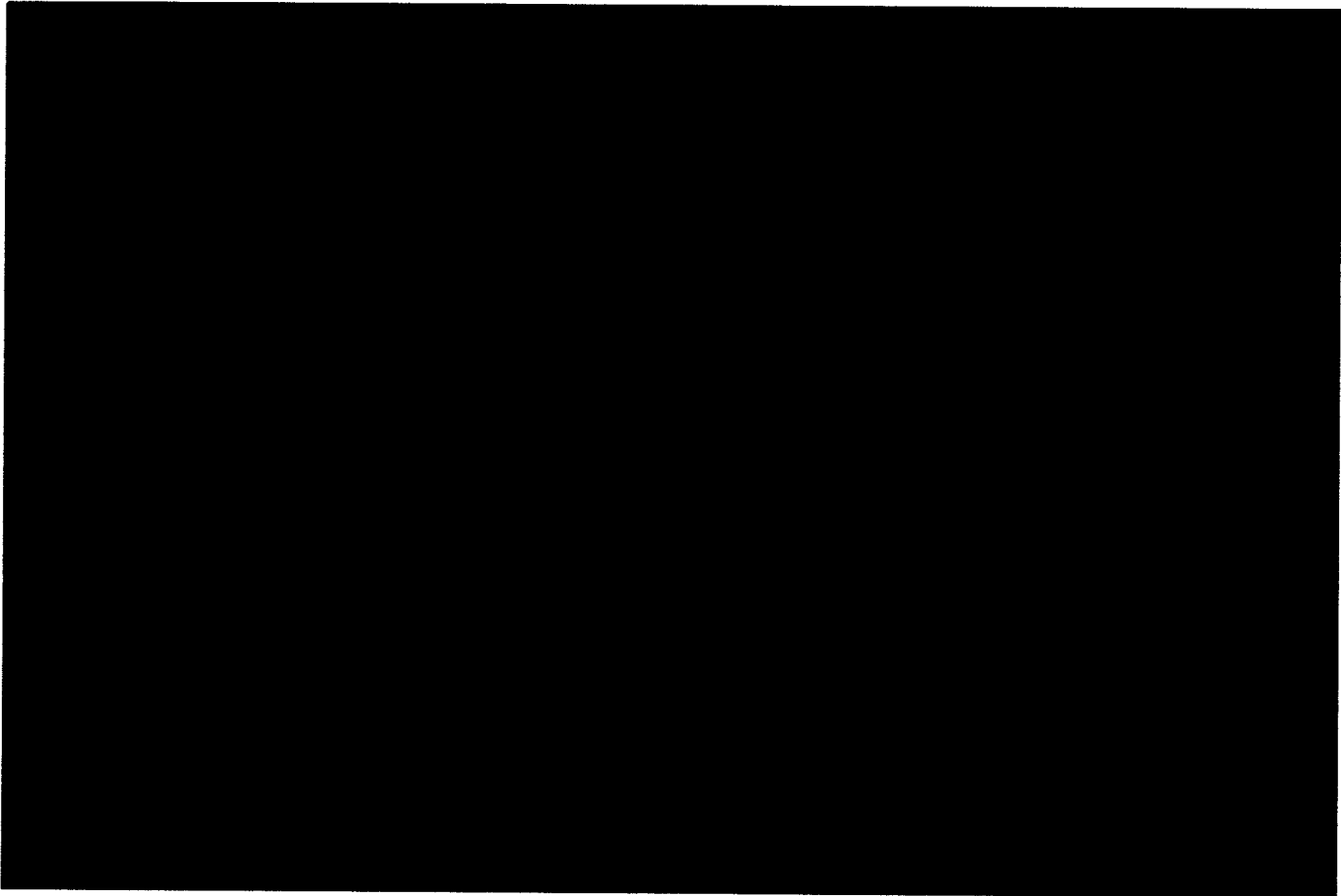
	<u>2012</u>	<u>2011</u>
	\$ 	
		

**Note 10 – Financial Instruments:**

		
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**BRAZOS TELEPHONE COOPERATIVE, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2012**

**Note 10 – Financial Instruments: (continued)**



Operating  
Leases

\$ [REDACTED]  
\$ [REDACTED]